

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Behavioral Health	(2) MEETING DATE 7/12/2016	(3) CONTACT/PHONE Amy Olson, ASO II, 781-4729	
(4) SUBJECT Request to approve five FY 2016-17 renewal contracts, with the option to renew for two additional years, with five board and care facilities in the cumulative amount not to exceed \$2,832,425 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board approve five FY 2016-17 renewal contracts with C and D's Guest Homes, Davis Guest Home, Inc., Ever Well Health Systems, LLC, Front St., Inc., and Psynergy Programs, Inc., dba Nueva Vista and dba Cielo Vista in the cumulative amount not to exceed \$2,832,425 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness.			
(6) FUNDING SOURCE(S) Medi-Cal, Managed Care, Realignment	(7) CURRENT YEAR FINANCIAL IMPACT \$2,832,425.00	(8) ANNUAL FINANCIAL IMPACT \$2,832,425.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001673		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>07/08/2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Morgan Torell			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director / Anne Robin, MFT, Behavioral Health Administrator

DATE: 7/12/2016

SUBJECT: Request to approve five FY 2016-17 renewal contracts, with the option to renew for two additional years, with five board and care facilities in the cumulative amount not to exceed \$2,832,425 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness. All Districts.

RECOMMENDATION

It is recommended that the Board approve five FY 2016-17 renewal contracts with C and D's Guest Homes, Davis Guest Home, Inc., Ever Well Health Systems, LLC, Front St., Inc., and Psynergy Programs, Inc., dba Nueva Vista and dba Cielo Vista in the cumulative amount not to exceed \$2,832,425 to provide residential board and care, social support, and outpatient mental health services to adults with serious mental illness.

DISCUSSION

The Health Agency's Behavioral Health Department contracts with various residential placement providers within a wide range of adult residential services, providing the appropriate level of care to seriously mentally ill individuals in need of residential placement. Board and care facilities offer varying levels of residential care in a non-locked facility, as opposed to State hospitals, acute care hospitals, and Institutions for Mental Disease (IMD) which are locked residential facilities providing the most intensive levels of care.

Most clients placed in board and care facilities may be stepping down from a higher level of care (IMD) to a lower level of care (board and care facility), or have not succeeded in independent community housing, and oftentimes have been placed in residential support and treatment settings under conservatorship by the courts. The board and care facilities provide an alternative for clients ready to transition to a slightly lower level of care than that provided in an IMD, but not yet ready for more independent living situations. Residential services are designed to enhance basic living skills, improve social functioning, and allow for training opportunities within the community. Mental health support groups are provided at some facilities to help clients gain insight into their illness, assist them in symptom management, and encourage peer support activities. As clients demonstrate stability in the board and care setting, the Department residential case manager evaluates transferring clients to more independent living arrangements within San Luis Obispo County, or stepping down services as appropriate. Board and care facilities provide the assistance and structure necessary for each client to be successful in a less restrictive setting and reintegrate back into the community. Although the desired outcome is to move clients to the least restrictive level in which they can be successful, a certain percentage of the population with severe mental illness will, at any given time, need the level of treatment and support offered in a board and care setting.

The Behavioral Health Department makes great efforts to choose residential provider services that most appropriately meet the current diagnosis and treatment needs of the individual client. Although the Department uses these objectives to track performance, Behavioral Health realizes that fluctuations in a client's behavioral health condition and/or response to medications do occur, and that movement of clients to higher level placement will be appropriate in some cases and that this does not necessarily reflect any negative performance on the part of the service provider. Therefore, the Behavioral Health Department wishes to renew five contracts: C and D's Guest Homes, Davis Guest Home, Inc., Ever Well Health Systems, LLC, Front St., Inc., and Psynergy Programs, Inc., dba Nueva Vista and dba Cielo Vista. The contract providers are licensed by the California Department of Social Services, under the Community Care Licensing Division, as adult residential facilities. Due to the lack of available board and care facilities, with a specialty in mental health care, in San

Luis Obispo County, Behavioral Health utilizes the aforementioned contractors depending on bed availability and requirements of each individual client. The Board and Care beds are located in various counties in California including Merced County, Stanislaus County, San Joaquin County, Santa Cruz County, Monterey County, and Santa Clara County.

As per contract Exhibit C.4., Option to Renew, this contract may be extended for two one-year periods upon Health Agency Director approval to exercise said option to renew for each one-year period. The Health Agency Director may also approve any changes pertaining to service(s), service level changes or rate changes as per contract Exhibit D.30, Delegation of Authority.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed the contracts as to form and legal effect.

FINANCIAL CONSIDERATIONS

The FY 2016-17 Behavioral Health Department Adopted Budget includes \$2,832,425 for board and care services, which assumes an average of 88 clients for a total of 32,120 days. This represents a 12.5% increase, or \$314,757, in the amount of board and care services budgeted in FY 2016-17 (\$2,832,425) compared to \$2,517,668 budgeted for FY 2015-16, which assumed 87 clients for a total of 31,755 days. Board and Care beds are paid for with Medi-Cal, Managed Care, and Realignment funds. No General Support is used for the payment of Board and Care bed days. FY 2015-16 began with 82 clients in board and care facilities, however, this figure increased during winter to a high of 87 clients in December and dropped to a low of 84 clients in March; at the end of May, 87 clients were placed in board and care facilities. When the FY 2016-17 budget was developed in December of 2015, there were 87 clients placed in board and care facilities utilizing more expensive bed rates and more mental health services than in previous years. It is anticipated the FY 2016-17 budget for board and care facilities will be sufficient given current client status and anticipated fluctuations in client census.

The contracted rates for FY 2016-17 vary from \$64 to \$325 per day. The average daily rate for FY 2016-17 is \$124.59 and the average daily rate for FY 2015-16 was \$112.54. FY 2016-17 rates are an average of \$12.07, or 10.7%, higher than FY 2015-16 daily rates. The rate increases for individual contractors are due to increases in insurance, additional staffing requirements, and increased food and transportation costs for each facility. Many facilities did not increase rates for FY 2016-17. The majority of the overall average rate increase is due to not renewing the contract with American Care Home which had very low daily rates which greatly reduced the average daily bed cost during FY 2015-16 and previous years. The American Care Home contract is not being renewed at this time for two reasons: The owners of American Care Home were out of the country during May and early June which significantly delayed contract negotiations; and, due to some changes in grant funding for the club house of American Care Home and lengthy negotiations regarding scope of work and compensation, the contract will not be ready in a timely manner with regard to the rest of the Board and Care contracts. It is likely that the American Care Home contract will be renewed later in the year. Below are contracted rates dating back to FY 2013-14, including any rate increases for FY 2016-17.

Facility	FY 2013-2014	FY 2014-2015	FY 2015-16	FY 2016-17	FY 16-17 Rate increase over FY 15-16	
	Rate	Rate	Rate	Rate	Increase \$	Increase %
American Care Home I	\$26.65	\$27.00	\$28.00	N/A	N/A	N/A
American Care Home II	\$71.00	\$71.00	\$73.00	N/A	N/A	N/A
C&D's	\$98.63	\$98.63	\$98.63	\$98.63	\$0.00	0.0%
C&D's Augmented*	\$325.00	\$325.00	\$325.00	\$325.00	\$0.00	0.0%
Davis Guest Home	\$80.00	\$85.00	\$95.00	\$98.00	\$3.00	3.2%
Davis Guest Home Single Room	\$123.00	\$123.00	\$123.00	\$123.00	\$0.00	0.0%
Ever Well Level I**	\$0.00	\$0.00	\$95.00	\$95.00	\$0.00	0.0%
Ever Well Level 2**	\$0.00	\$0.00	\$120.00	\$120.00	\$0.00	0.0%
Front St. (Drake)	\$112.00	\$114.24	\$114.24	\$117.01	\$2.77	2.4%
Front St. (Opal)	\$106.00	\$108.12	\$108.12	\$110.82	\$2.70	2.5%
Psynergy Mild Complexity	\$60.00	\$64.00	\$64.00	\$64.00	\$0.00	0.0%
Psynergy Moderate Complexity	\$90.00	\$94.00	\$94.00	\$94.00	\$0.00	0.0%
Psynergy Severe Complexity	\$120.00	\$125.00	\$125.00	\$125.00	\$0.00	0.0%
Average	\$110.21	\$112.27	\$112.54	\$124.59	\$12.07	0.7%

* Augmented services includes one-on-one care 24 hours per day for one client. ** Bed rate only. Contract rate includes Mental Health Services of \$55 per client per day.

The actual annual costs for board and care services vary depending on bed availability in each facility, the level of care and program needs for the clients, and the number clients needing residential placement. Each contract stipulates a maximum amount of \$2,832,425, but it is clear in each of the board and care contracts that the County only pays for actual bed days used. Setting each contract at the maximum amount allows the flexibility to move clients within each facility and add clients without amending their contract based on initial estimates. However, the total amount spent for all five contracts is expected to be within the \$2,832,425 budget.

Actual board and care days and costs dating back to FY 2013-14 for each facility are presented in the table below.

Facility	FY 2013-14 Actual		FY 2014-15 Actual		FY 2015-16 Estimate		FY2016-17 Budget	
	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost
American Care Home	41	\$595,409	41	\$586,694	43	\$578,020	0	\$0
C&D's Guest Home	3	\$90,985	2	\$86,573	4	\$134,542	6	\$152,796
Davis Guest Home	11	\$324,993	7	\$357,408	14	\$462,941	24	\$745,675
Ever Well	0	\$0	0	\$0	3	\$134,944	8	\$293,125
Front St.	1	\$39,088	1	\$41,698	0	\$0	4	\$75,000
Psynergy	27	\$1,249,212	31	\$1,347,397	23	\$1,207,221	45	\$1,565,829
Total	83	\$2,299,687	82	\$2,419,770	87	\$2,517,668	87	\$2,832,425

Note: Client stays may not be for a full year.

Because board and care costs represent a substantial portion of the amount budgeted for all adult residential placements, a representative from the Public Guardian's office, Behavioral Health Fiscal department, and Behavioral Health case manager meet weekly and monitor all board and care placements closely to assure that they are appropriate and medically necessary. The representatives meet in order to monitor placements, identify barriers, and seek system improvements. The representatives assist the Behavioral Health Department in determining the best balance between cost efficiency and the appropriate placements for the effective treatment of its clients.

RESULTS

During FY 2015-16 there was consistent use of board and care facilities, with several clients being transferred between board and care facilities. While 87 clients were budgeted for FY 2015-16, the year started off with 82 clients placed in board and care facilities, and at one point during the year as many as 87 clients were placed in board and care facilities at the same time. A total of 87 clients remained as of the end of May. A measureable outcome consistent with most board and care facilities is the number of clients re-admitted to higher levels of care from board and care facilities and the number of clients moved to lower levels of care. Through May 2016, only 7 of the clients (8%) placed throughout the year were moved to the psychiatric health facility temporarily and then transferred to either a nursing home or locked facility. Ten clients (11.5%) have been moved to lower levels of care, such as independent living, as of May 31, 2016.

The Behavioral Health Department accepts responsibility for managing placements in the most cost effective manner, while providing the most appropriate treatment option for the individual client. In spite of efforts to find viable alternatives to IMD placements, there will continue to be a core group of individuals with severe mental illness who are in need of IMD services. Appropriate placements help Behavioral Health reach its mission to serve clients in the least restrictive setting possible and to advance the goal of assisting individuals with severe mental illness to be as functional and productive as possible in the least costly environments. Providing the most appropriate services to these clients increases their probability of positive treatment outcomes. Furthermore, positive treatment outcomes contribute to the wider County vision of a healthy and safe community.

ATTACHMENTS

1. C&D's FY 16-17 Contract Renewal
2. Davis Guest Home FY 16-17 Contract Renewal
3. Ever Well FY 16-17 Contract Renewal
4. Front St. FY 16-17 Contract Renewal
5. Psynergy FY 16-17 Contract Renewal